

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Meeting of the Board of Trustees

August 19, 2005

Board Members present:

JOSEPH MACKEY, Chairperson (Active No. 29334), term expiring July 1, 2009

JON HARRIS, Vice-Chairperson (Active No. 25669), term expiring July 1, 2007

JAY KAPLAN, Association of Retired Teachers of Vermont, term expiring July 1, 2008

THOMAS CANDON, representing Commissioner of BISHCA

VAUGHN ALTEMUS, representing Commissioner of Education

ELIZABETH PEARCE, Deputy Treasurer, representing JEB SPAULDING, VT State Treasurer

Also attending:

Cynthia Webster, Director of Retirement Operations

Robert DiFerdinando, via conference call

June & Fred Atwood, Association of Retired Teachers of Vermont

Jeff Fannon, VT-NEA

The Chairperson, Joe Mackey, called the meeting to order at 9:05 a.m. on Friday, August 19, 2005, held in the Ethan Allen Room behind the Capital cafeteria, Montpelier, Vermont.

ITEM 1: Board Action Items

A. Election of Officers

Mr. Mackey opened the floor for nominations for the position of Chairperson.

Mr. Kaplan nominated Mr. Mackey for the position of Chairperson.

On a motion by Mr. Kaplan seconded by Mr. Altemus, the Board unanimously voted to close nominations.

The Board unanimously voted to elect Mr. Mackey as Chairperson.

Mr. Mackey opened the floor for nominations for the position of Vice-Chairperson.

Mr. Kaplan nominated Mr. Harris for the position of Vice-Chairperson.

On a motion by Mr. Kaplan seconded by Mr. Altemus, the Board unanimously voted to close nominations.

The Board unanimously voted to elect Mr. Harris as Vice-Chairperson.

B. Approval of the Minutes of June 15, 2005

On a motion by Mr. Candon seconded by Mr. Mackey, the Board voted to approve the minutes of June 15, 2005, as submitted. Ms. Pearce abstained.

C. Disability Retirement Request to Waive 90-day Filing Timeframe

At 9:30 a.m. on a motion by Mr. Candon seconded by Ms. Pearce, the Board unanimously voted to enter into executive session pursuant to Title 1 §313, to discuss medical information.

Mr. DiFerdinando was invited into executive session and joined the meeting via conference call.

At 9:40 a.m. the Board exited executive session.

On a motion by Mr. Mackey seconded by Ms. Pearce, the Board unanimously voted to deny the waiver request from Mr. DiFerdinando to grant an extension of the 90-day filing timeframe for a disability retirement.

D. ROTC Trainer, OT/PT, and School Nurse Positions – Policy

As a result of consultation with Mike McShane, Assistant Attorney General, Mrs. Webster distributed a memo dated August 19, 2005 regarding non-licensed professionals. The Board discussed and agreed to the following:

- all non-licensed members should be identified,
- non-vested members shall be offered information and options to roll funds into another qualified pension plan,
- vested members in this group be offered the option to withdraw from the system, and roll-over options also be provided.
- school nurses would be grandfathered, pursuant to prior practice and Board policy.

On a motion by Mr. Harris seconded by Mr. Mackey, the Board voted to adopt the ROTC Trainer, OT/PT, and School Nurse Positions Policy, as proposed in the 8-19-05 memo from Cynthia Webster, and to permit withdrawal of vested members of the identified group, upon request. Mr. Altemus voted no.

E. Travel Budget - Policy

The Board revisited and discussed a prior proposal to divide a portion of the travel budget among the Board members to use for Board approved travel. The balance of the travel budget would be used for memberships, staff travel, etc. The Board further agreed specific training for all new Board members, ongoing training, academic classes, and staff education should be a separate budget line item.

Ms. Pearce advised the discussion was timely as the 2007 budget process was underway. She will create a budget proposal and policy for the next meeting.

Mr. Altemus requested permission to attend the “Super Bowl of Indexing” conference December 4-7 in Scottsdale, AZ., at an estimated total cost of \$1,500. He said the conference was sponsored by IMG, the organization that runs the Green Mountain Summit in Vermont.

On a motion by Mr. Kaplan seconded by Mr. Candon, the Board unanimously voted to authorize the travel of Vaughn Altemus to the Super Bowl of Indexing conference in Scottsdale, AZ December 4-7, as requested.

ITEM 2: Board Discussion Items

A. Social Security Part D Rebate Follow-up Information

Mrs. Webster advised the Board preliminary results from Buck Consultants indicated the system would pass the Social Security part D subsidy test resulting in an estimated \$1.2 - \$1.3 million reimbursement, to be returned to the trust fund. Mrs. Webster further advised the Board an informational mailing would be sent by mid-September to advise retirees of Part D options.

B. Retiree Dental Coverage

The Board reviewed the July 7, 2005, letter and fees regarding dental coverage from VEHI's Joe Zimmerman.

C. Tax Change Implications – H.64

At the June 15, 2005 meeting the Board did not object to Mr. Kaplan's request for a legal opinion regarding whether current practice conflicted with §1946(a), and another section also related to taxations, identified by Mr. Kaplan. Mrs. Webster reported that §1946 would require revision to clarify current practice and reflect 414(h) pick-up provisions. She will prepare the draft amendments for the Board's review at their next meeting.

D. Late Application Complaint – Tom Luce

Ms. Webster advised the Board per Mike McShane the section of statute dealing with filing deadlines is clear and the Board had no authority to act in this matter. The Board reviewed the e-mails and correspondence regarding Tom Luce. VT-NEA attorney Jeff Fannon appeared before the Board.

The Board discussed and agreed to the following: improved communication is an aspect of customer service that the Retirement Office strives to provide, whether to seek statutory changes for filing deadlines would be discussed at a later date, and that Mrs. Webster would follow-up with a letter advising Mr. Luce his retirement would be effective the first of the month following receipt of his application, pursuant to statute.

ITEM 3: Reports To the Board

A. State Treasurer

Ms. Pearce shared a copy of the July 25, 2005 *Overview Report to Commission on Funding the VSTRS*, and discussed upcoming Commission meetings.

Also provided was a re-engineering project update. Mr. Kaplan volunteered to participate on the project's advisory board, provided participation by conference call was acceptable.

B. Director of Retirement Operations

Mrs. Webster provided copies of information from her recently attended NASRA Conference in Alaska, and reported the following:

- The SDIA third party administration transition to Great-West Retirement Services was scheduled for 10/1/05.
- Annual statements would be printed by the state's copy center with an expected mailing date in early October.

ITEM 4: Any Other Business to Come Before the Board

Ms. Pearce advised the Board the actuarial audit RFP would be distributed in September primarily to bidders who responded to the actuarial RFP.

Mr. Mackey thanked the Board for their participation and representation at the previous days' VPIC meetings.

Next Meeting Dates:

The next business meeting of the VSTRS is to be determined.

The next Vermont Investment Committee meeting is scheduled for October 11, 2005.

Adjournment:

On a motion by Mr. Kaplan seconded by Mr. Harris, the Board unanimously voted to adjourn at 12:05 p.m.

Respectfully submitted,

Donna Holden, Board Coordinator
for
Cynthia Webster, Secretary to the Board